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FEB 24 2010

Alsie Bond, Manager
Community Development Services Department
City of Bryan
405 W. 28th Street
Bryan, Texas 77803

Dear Ms. Bond,

SUBJECT: Annual Community Assessment for Program Year 2008
(October 1, 2008 – September 30, 2009)

The basic purpose of this letter is to share the conclusions of the Annual Community Assessment (ACA) conducted by the U. S. Department of Housing and Urban Development (HUD) of the programs included in the City of Bryan's Consolidated Annual Performance and Evaluation Report (CAPER). The evaluation is based upon the grantee's CAPER, data as reported in the Integrated Disbursement and Information System (IDIS) and other information (Consolidated Plan, financial reports, etc.) available to this office. The Consolidated Plan Management Process (CPMP) Tool in particular provided a great deal of vital information. Through this performance review, HUD's Office of Community Planning and Development (CPD) is able to combine the statutory and regulatory requirements for evaluation of program progress, review program management and determine whether or not the City has the continued capacity to adequately implement and administer the programs for which federal assistance is received.

During the course of the conducting of the ACA, CPD has examined the City's management of funds and activities undertaken for consistency with the priorities and objectives outlined in the City's Consolidated Plan. Therefore, the information provided in the CAPER for this and past program years was examined for compliance and accuracy with statutory and regulatory requirements (Part 91.520 and 91.525). CPD's review is based on an evaluation of the City's consolidated planning, program progress in the program management of funds and subrecipients, the annual performance report, and the achievement of program objectives. In Program Year 2008, Bryan received \$921,273 in Community Development Block Grant (CDBG) funds and \$427,066 in HOME Investment Partnerships Act (HOME) funds.

HUD congratulates the City of Bryan on those many notable accomplishments achieved as a direct result of the professionalism and hard work of the City of Bryan's staff and management during the past year. HUD looks forward to improvement in those areas that are lacking so that the City actually achieves all the yearly and multi-year goals and thereby fully complies with the regulations.

Primary Benefit

In 2008, the City expended 100 percent of its CDBG funds for activities that benefit low and moderate income (LMI) persons. This percentile meets and even exceeds the 70 percent minimum standard for overall program benefits. As a result, the City of Bryan is to be complemented at this time for the City's steadfast commitment to activities benefiting low and moderate income persons.

Planning and Administration

In 2008, the amount of funds expended on planning and administration with CDBG funds equated to 19.95 percent which almost equals the 20 percent cap for these activities. So, the City was just within the allowable standard. Therefore, Bryan is in compliance with the cap standard. However, the City should maintain careful vigilance regarding this requirement into the future in order to ensure that the 20 percent cap is not exceeded.

Public Services

In 2008, the City obligated 14.42 percent of CDBG funds for public services. This percentile is within the 15 percent cap and is therefore fully acceptable.

Owner Occupied Rehabilitation/Reconstruction

For Program Year 2008, Table 1C reflects that the City had an objective regarding owner occupied rehabilitation and/or reconstruction. The City utilizes both CDBG and HOME funds for this objective. Specifically, the City had the annual objective of rehabilitating 5 substandard housing units to standard condition or 25 over the 5 year period. The actual accomplishment was only 2 owner occupied rehabilitation/reconstruction projects completed which equates to only 40 percent of the annual objective for the 2008 Program Year. Fortunately, the City of Bryan met the annual goal in 2005. However for 2006 and 2007, the City missed the yearly goal in each year.

Therefore, the level of performance for this particular activity is one that must be substantially improved upon in the future. Certainly, it is the expectation of CPD that the negative trend exhibited from 2006 through 2008 shall not carry over through 2009.

The City only has one more year remaining (2009) to achieve the multi-year goal of 25. Currently, the aggregate figure for the first four years stands at only 11. Please ensure that the multi-year goal is achieved or exceeded. In order to do so, the City will have to drastically increase its level of accomplishment from 2 in 2008 to 14 in 2009. Obviously, that level of increase will require some resolute determination as well as decisive and concerted efforts on the part of the City.

Minor Repair Assistance Program

In Program Year 2008, the City of Bryan had an annual objective relating to the Minor Repair Assistance Program. Specifically, the City had the goal of expanding the supply of decent safe, and affordable housing through the rehabilitation of existing residential property by assisting with 15 projects annually or 75 over the 5 year period. The City of Bryan not only exceeded this goal with more than 100 percent (226.66 percent) compliance in 2008 but indeed has met and in fact exceeded this yearly goal for each of the first four years of the Consolidated Plan period. Indeed, through the first four years of the multi-year cycle, Bryan has already far exceeded the five year goal of 75 by completing 125.

As a result, the City of Bryan is performing at an ideal or highly exceptional level of performance with regard to this particular goal. CPD is extremely pleased with the City of Bryan's performance regarding this yearly and multi-year goal and greatly desires to see this level of performance (or at least at the 100 percent level) be replicated with respect to all of the City's annual goals.

Integrated Disbursement and Information System

It was noted during the review that the City of Bryan generally does provide a great deal of highly pertinent information in the accomplishment field of IDIS as demonstrated on the PR03 Report for Program Year 2008. The City of Bryan is to be recognized for providing detailed accomplishments in that field. This is a significant achievement by the City of Bryan. The IDIS system is an absolutely crucial and indispensable system which is relied upon to determine the status and progress of the CDBG Program. Please continue to ensure that the information reflected in IDIS is not only accurate but also updated in a timely fashion.

However, for activities utilizing the national objective of low to moderate income area benefit activities, it is vitally important that the City begin putting census tract information into the PR03 Report in IDIS. For example, activity #655 gives the percentage of low to moderate income persons in the area but does not identify the relevant census tract(s) in IDIS for the PR03 Report. This same deficiency was also noted with respect to other activities. Therefore, it is by no means an isolated problem.

It is true that the location of individual addresses assisted with CPD funds are identified and plotted on maps that are contained towards the very end of the CAPER. These maps provide an excellent resource and CPD appreciates the information. However, the identification of census tracts for low to moderate income area benefit activities must also be contained in the PR03 Report in IDIS.

Program Progress

The vital importance of the careful stewardship over taxpayer funded activities by the City of Bryan cannot be overemphasized. Ideally, it is far preferable for a city to achieve each of its yearly goals rather than having to catch up and greatly increase the level of performance in the

last year or two years of a five year cycle. HUD expects to see the City meet or exceed all of its objectives both on an annual and multi-year basis.

As can be discerned by examining the abovementioned objectives and the corresponding accomplishments (or lack thereof), the City sometimes misses its yearly goals. This condition in turn seriously jeopardizes the City's ability to achieve and meet its multi-year goals in certain instances. Therefore, CPD urges the City to make determined efforts to remedy and correct this state of affairs with regard to those goals that have proven to be problematic.

Title VI of the Civil Rights Act of 1964 prohibits discrimination on the basis of race, color, or national origin in all HUD-assisted programs. Title VIII of the Civil Rights Act of 1968 (Fair Housing Act) prohibits discrimination in the sale, rental and financing of dwellings based on race, color, religion, sex or national origin. Title VIII was amended in 1988 by the Fair Housing Amendments Act, which expanded the coverage of the Fair Housing Act to prohibit discrimination based on disability or on familial status (presence of a child under the age of 18 and pregnant women). In the HUD workforce, Fair Housing and Equal Opportunity (FHEO) staff have the primary responsibility of ensuring compliance with fair housing laws. With reference to fair housing, FHEO staff has reviewed the information that the City of Bryan has submitted. The FHEO staff expressed no concern regarding the CAPER for Program Year 2008.

City Letter regarding the Annual Community Assessment for Program Year 2007

CPD received the City of Bryan's response to the Program Year 2007 Annual Community Assessment on October 27, 2009. The City indicated that it appreciated the recognition of the accomplishments that the Community Development Services Department staff completed during the program year. However, the City wanted to address two areas of the 2007 Annual Community Assessment letter.

Response:

The first issue involved the Minor Home Repair section. The City pointed out that sweat equity minor repair projects are part of the total number of minor repair projects for each year. Although some of the partners that the City collaborates with to accomplish the sweat equity housing portion of the goal have shifted their emphasis to major rehabilitation or reconstruction (therefore producing a reduction in anticipated numbers), the City stated that it nevertheless expects doing additional sweat equity minor repair projects by collaborating with additional partners, before the end of the 5 year period.

Status:

HUD accepts this response and accepts the City's comments as part of the official record regarding the 2007 Annual Community Assessment. Also, HUD is appreciative of the City of Bryan's commitment to performing additional sweat equity minor repair projects prior to the end of the 5 year period.

Response:

The City noted that the assessment letter references a HOME commitment shortfall of \$24,302 from a Deadline Compliance Status Report dated July 31, 2009. It was the City's understanding that the deadline for commitment is October 31, 2009. The City was happy to report that as of the August 31, 2009 HOME Deadline Compliance Status Report that the City had a zero shortfall.

Status:

HUD accepts this response and accepts the City's comments as part of the official record regarding the 2007 Annual Community Assessment. After HUD received the City's response on October 27, 2009, the HOME Deadline Compliance Status Report for the period through the October 31, 2009 period was issued. It did indeed reflect a zero shortfall as of the City of Bryan's deadline.

The HOME Program statute provides that HOME funds are available to participating jurisdictions (PJs) for commitment to affordable housing for a period of 24 months after the last day of the month in which the HUD notifies the PJ of HUD's execution of the HOME Investment Partnerships Grant Agreement. These provisions are implemented by regulation at 24 CFR 92.500(d).

Based on the aforementioned regulatory standard, the 2007 HOME commitment deadline led to a serious concern by HUD with regard to the City of Bryan's performance in the period prior to the deadline date. As per the HOME Deadline Compliance Status Report dated July 31, 2009, the City of Bryan had a \$24,302 shortfall with a deadline of October 31, 2009 for the 2007 HOME commitment.

CPD is greatly relieved that the staff of the City of Bryan took this matter seriously and summoned a sufficient degree of action and thereby eventually came into full compliance with the 2007 HOME commitment requirement prior to the deadline date. As a result, no HOME deobligation action was ultimately required to be undertaken by HUD after the expiration of the deadline. Nevertheless, HUD needed to warn the PJ of the possibility of a deobligation prior to the deadline under the particular circumstances that existed in the weeks and months before the deadline. Please also be aware that the relevant report showing HOME shortfalls is not made available until about the middle of the month after the date of the report. Therefore, the status of HOME shortfalls is not instantaneously known as of the date of the deadline. The August 31, 2009 HOME Deadline Compliance Status Report was not available for review at the time that the 2007 Annual Community Assessment letter was written.

HUD sincerely hopes that your PJ will not subject itself to the serious threat of a HOME deobligation again in the future. However, this whole episode emphasizes the importance of your PJ promptly updating IDIS with any commitments not previously recorded and identifying and correcting errors in IDIS on a constant basis. Any cancellation of activities may negatively impact your PJ's ability to meet these requirements in the future.

For more information on these requirements refer to HUD Notice CPD 07-06, *Commitment, CHDO Reservation, and Expenditure Deadline Requirements for the HOME Program*. HUD strongly encourages the City to review HOME reports on a regular basis. HUD has begun publishing a regular status report for HOME deadlines on the internet at the following site:

<http://www.hud.gov/offices/cpd/affordablehousing/reports/index.cfm>

American Recovery and Reinvestment Act

Although the new funding arising from the American Recovery and Reinvestment Act of 2009 (ARRA) was not available to the City at the beginning of its 2008 Program Year which commenced on October 1, 2008, the new ARRA funding is clearly a very high priority which must be emphasized by the City. The City of Bryan received ARRA funding in the form of Community Development Block Grant - Recovery Act (CDBG-R) funds in the amount of \$250,205.00.

In announcing the ARRA funding, HUD Secretary Shaun Donovan emphasized that he was "pleased to announce that we are moving swiftly to get these much-needed funds out to states and cities to create jobs and help stimulate our economy." He went on to stress that "Recovery Act investments in HUD programs will be not just swift, but also effective: they will generate tens of thousands of jobs, help the families and communities hardest hit by the economic crisis, and modernize homes to make them energy efficient." HUD continues to stress that the intent of the ARRA is to provide funds to cities and counties which in turn will "swiftly" get the funds out into their communities in order to alleviate conditions created or exacerbated by the serious economic downturn.

Indeed, ARRA investments are intended to help communities and families that have experienced the brunt of the economic downturn. ARRA resources are to be used to stabilize and revive local neighborhoods and housing markets with heavy concentrations of foreclosed properties. HUD's Recovery Act funds support three themes that align with the broader goals of the Recovery Act: (1) promoting energy efficiency and creating green jobs, (2) unlocking the credit markets and supporting shovel-ready projects, and (3) mitigating the effects of the economic crisis and preventing community decline.

The specific and anticipated benefits of the CDBG-R Program are to stabilize property values and prevent neighborhood blight. In addition, counties and cities are urged to meet HUD's overriding goal of creating and preserving jobs. CDBG-R funds are intended to provide financing for infrastructure activities, housing activities, economic development activities, public service activities, real property acquisition, and administrative costs. The CDBG-R Program enables local governments to undertake a wide range of activities intended to create suitable living environments, provide decent affordable housing and create economic opportunities, primarily for persons of low and moderate income. Under the Recovery Act, recipients shall give priority to projects that can award contracts based on bids within 120 days of the grant agreement.

There is a part of the HUD Recovery website that has crucial tools, tips, and guidance regarding CDBG-R funds. Please stay abreast of these resources as the information is updated and/or expanded periodically. The link may be found at the location which follows:

<http://portal.hud.gov/portal/page/portal/RECOVERY/programs/COMMUNITY>

On January 20, 2010, CPD noted that the City of Bryan had obligated 100 percent of the \$250,205.00 in CDBG-R funds provided by HUD to the City. In addition, it was noted at that time that \$10,116.11 in CDBG-R funds had been expended. CPD would like to recognize the fact that the City of Bryan's staff ensured that construction of the CDBG-R project began on November 3, 2009. CPD formally commends the City for commencing its CDBG-R project construction in such a timely fashion. This is a significant and noteworthy achievement by the City of Bryan.

CPD also appreciates the overall progress that has been made thus far by Bryan's staff regarding the CDBG-R Program. CPD looks forward to even greater levels of success by Bryan in the near future. CPD is also grateful for the timely and excellent narrative updates and photos by Bryan's staff that have been provided regarding the on-going construction with CDBG-R funds as well as for all of the cooperation that has been extended by Bryan's staff regarding expenditures.

Given the clear intent and goals of the ARRA as well as the serious and on-going economic downturn, CPD encourages the City to increase still further its level of performance and swiftly expend its CDBG-R funds while carefully adhering to and observing all of the mandates of the relevant statutes, notices, guidance documents, and regulations. By doing so, the City will be complying with the purposes and intents of the ARRA and will be assisting in the rapid alleviation of the conditions created or exacerbated by the present economic downturn. Given the clear intent and goals of the ARRA, CPD will be closely monitoring the performance of the City of Bryan's CDBG-R Program.

Summary

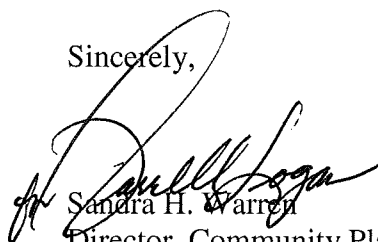
Based on our review of information pertaining to Bryan's performance in the CDBG and HOME programs during the period covered, we have determined that the City of Bryan has carried out its programs substantially as described in its Consolidated Plan. The Consolidated Plan submission as implemented complies with the requirements of the Housing and Community Development Act and other applicable laws and regulations. However, various activities are in need of improvement. It has also been determined that the City has the continuing capacity to carry out its approved programs. This determination, however, does not reflect a comprehensive evaluation of specific activities. The City has met its annual report requirements.

This report is intended to be shared with the public. You may provide copies to interested persons such as the news media, members of local advisory committees, and citizens attending public hearings. We also request that you provide a copy of this letter to the Independent Public Accountant who performs the single audit of the City of Bryan in accordance with OMB Circular A-133.

Please recognize that the comments and conclusions made in this letter are subject to a 30-day review and comment period by the City of Bryan. We may revise this letter after consideration of the City's views and will make the letter, the City's comments and any revisions available to the public within 30 days after receipt of the City's comments. Absent any comments by the City, this will be considered the final letter on this subject.

Again, HUD congratulates the City of Bryan on those many noteworthy accomplishments achieved as a direct result of the professionalism and hard work of the City of Bryan's staff and management during the past year. HUD looks forward to improvement in those areas that are lacking so that the City actually achieves all the yearly and multi-year goals and thereby fully complies with the regulations. If you have any questions regarding this 2008 ACA, please contact me or call Robert Beck, Community Planning and Development Representative at 713-718-3119.

Sincerely,

A handwritten signature in black ink, appearing to read "Sandra H. Warren", is written over the typed name.

Sandra H. Warren
Director, Community Planning and
Development